

4.4 Panel 10: Legislative Perspectives

4.4.1 Panel Chair:

Eric Sikkema – National Conference of State Legislatures (NCSL)

Presentation charts follow



LEGISLATIVE PERSPECTIVES ON WIND ENERGY

Hawaii Windpower Workshop

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By

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THE NATIONAL CONFERENCE OF STATE LEGISLATURES

A BIPARTISAN ORGANIZATION WITH THREE OBJECTIVES:

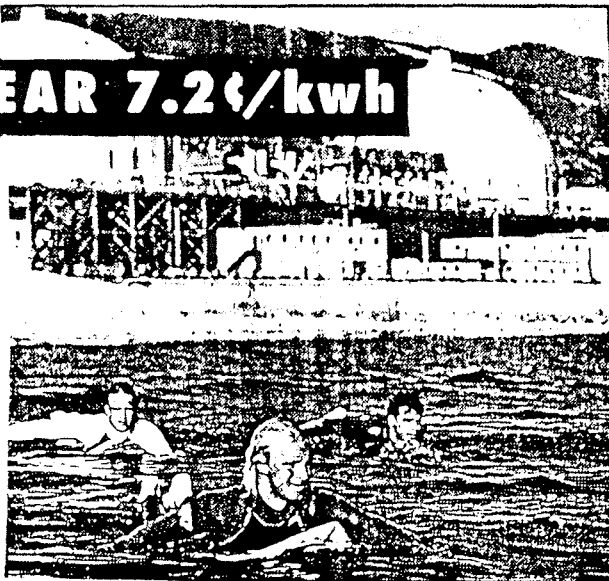
- 1. IMPROVE THE QUALITY AND EFFECTIVENESS OF STATE LEGISLATURES**
- 2. FOSTER INTERSTATE COMMUNICATION AND COOPERATION**
- 3. ENSURE STATES A STRONG, COHESIVE VOICE IN THE FEDERAL SYSTEM**

**NCSL SERVES THE 7,500 LEGISLATORS AND 13,000 LEGISLATIVE STAFF OF THE
NATION'S 50 STATES, COMMONWEALTHS AND TERRITORIES**

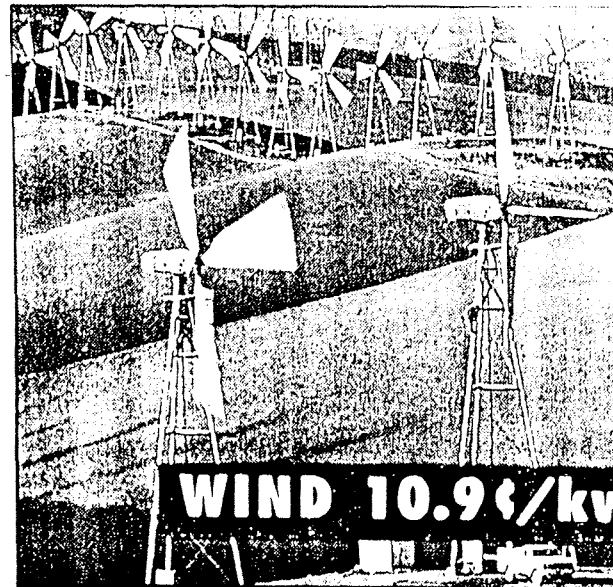
- MEETINGS**
- PUBLICATIONS**
- TECHNICAL ASSISTANCE**

OFFICES IN DENVER, CO AND WASHINGTON, D.C.

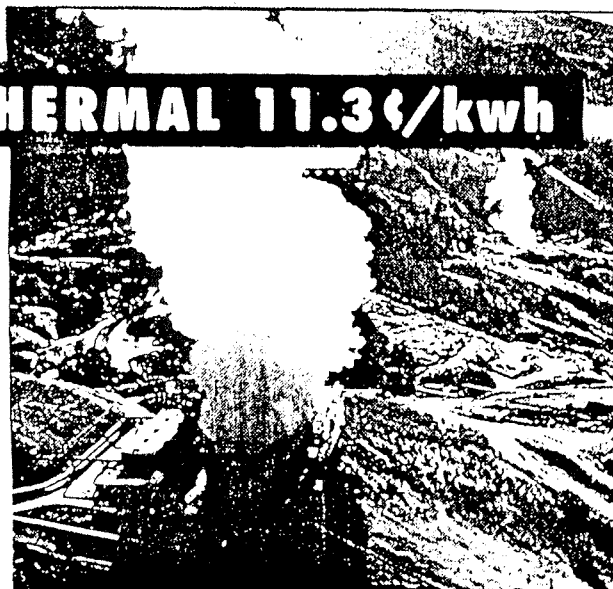
NUCLEAR 7.2¢/kwh



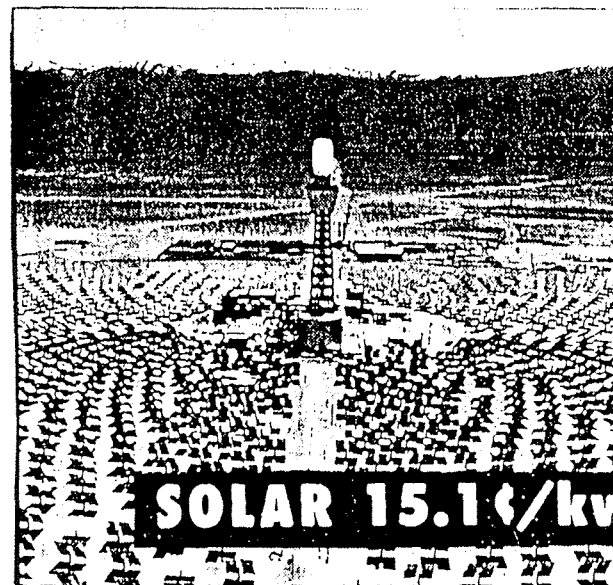
WIND 10.9¢/kwh



GEOTHERMAL 11.3¢/kwh



SOLAR 15.1¢/kwh



GROWING INTEREST IN WIND

- **REALIZING THE ENERGY, ECONOMIC AND ENVIRONMENTAL BENEFITS**
- **MANY UTILITIES ARE TAKING ACTION ON THEIR OWN**
- **INCENTIVES SHIFTING TOWARD COMMERCIAL AND UTILITY DEVELOPMENT**
- **STRONG COMMITMENT AND AGGRESSIVE PROGRAMS AT THE FEDERAL LEVEL**
- **FUTURE CARBON TAX ??**

STATE LEGISLATION AND ENERGY PLANS ADVANCE WIND ENERGY

FOCUS AND FORCE VARIES FROM STATE TO STATE

- GENERAL "ENCOURAGEMENT" OF WIND ENERGY
- STATED PREFERENCE OR POLICY FOR RENEWABLES
- TAX INCENTIVES
- FINANCING OPTIONS
- INTEGRATED RESOURCE PLANNING
- CONSIDERATION OF EXTERNALITIES
- SET ASIDES

HIGHLIGHTS:

CALIFORNIA

IOWA

OKLAHOMA

MINNESOTA

KANSAS

NORTH DAKOTA

SOUTH DAKOTA

OREGON

MASSACHUSETTS

WISCONSIN

RECENT / CURRENT BILLS RELATING TO WIND ENERGY

TEXAS

MISSOURI

NEBRASKA

WISCONSIN

HAWAII

STATE ENERGY PLANS AND RENEWABLE ENERGY

AT LEAST 20 STATES HAVE SOME FORM OF STATE ENERGY PLAN OR STRATEGY

COMPLIMENTS EXISTING LEGISLATION

PROVIDES GUIDANCE AND STATE OBJECTIVES/GOALS

ENCOURAGES COLLABORATION AMONG:

- **LEGISLATORS**
- **STATE ENERGY OFFICES**
- **UTILITIES**
- **PUBLIC UTILITY COMMISSIONS**

WHEN WIND LEGISLATION WORKS

- **ABUNDANT RESOURCES**
- **IMPLEMENTATION POLICIES**
- **QUALITY INFORMATION ON WIND TECHNOLOGY, ECONOMICS AND BENEFITS**
- **PUBLIC UTILITIES COMMISSION AND UTILITIES WORKING TOGETHER**

STATE EXPERIENCES AND RELEVANCE TO HAWAII

1993 ENERGY AND ENVIRONMENT SUMMIT -- ENERGY SUPPLY RECOMMENDATIONS

**STATE LEGISLATION CANNOT MAKE SIGNIFICANT IMPACT UNLESS IT HAS AN
AGGRESSIVE FOCUS OR PUC AND UTILITIES TAKE THE INITIATIVE**

WHERE DO WE GO FROM HERE ?

- **STRONGER LEGISLATION**
- **AGGRESSIVE IRP**
- **FEELING SECURE WITH WIND AS AN ENERGY RESOURCE**



4.4.2 Panel Members

Matt Matsunaga—Hawaii State Senate

Duke Bainum—Hawaii State House of Representatives

Chip Higgins for Robert Herkes—Hawaii State House of Representatives

Panel Responses

The Honorable Duke Bainum—Hawaii State House of Representatives

In reviewing the role of the state legislature in advancing the development of wind energy, Representative Bainum first looked at some of the legislature's early attempts to develop wind beginning in 1985. In 1985, 1989 and 1990, tax credits were the most successful attempts. Other than that most attempts were not very effective including revenue bonds for wind energy and other renewable energy ventures that were never utilized.

The legislature can play many roles in supporting wind energy development including:

- encouraging the PUC to push the acceptance of nonutility generators and the concept of externalities,
- take the lead in the development of wind energy and the recognition of its economic and environmental benefits,
- encourage the business sector by moving away from the bureaucracy that gets in the way, and
- encourage cooperation between the environmentalists and the legislature

Because these are not simple issues and there is always a natural resistance toward change, he noted that it takes time for change to occur.

The Honorable Matt Matsunaga—Hawaii State Senate

Senator Matsunaga reviewed some of the bills from the 1994 legislative session that came out of the *Energy and Environmental Summit* of 1993.

- SB2101—A bill to make an appropriation to implement the permit process facilitation act which is a companion bill to HB2634. The intent of this bill is to appropriate funds to implement an act that had previously been passed through the legislature for which no funds had been appropriated. This bill was held in committee.
- SB2106—A companion bill to HB2634 that raises the amount received from tax credits from 20% to 35% or \$8,750 (whichever is less) for residential wind

and PV installations. This bill did not pass out of the Ways and Means Committee.

- SB2386—This bill directed the PUC to consider the conversion to renewable energy resources. It required that the PUC establish numeric quantities of the minimum amount of electricity which utilities must acquire from nonfossil fuel sources.

Chip Higgins commented that the major thrust of this bill was to get quotas established rather than use other types of incentives. This represents a departure from the usual but is an approach, he believes we will see more of.

- SB2387—A similar bill that requires the PUC to establish a quota for the amount of energy to be purchased from nonfossil fuel sources.
- SB2388—Relating to nonfossil fuel generation, this bill directed the PUC to conduct a study of the environmental, economic, social and political advantages to the use of nonfossil fuels.

Chip Higgins commented that this bill represents the ultimate result of discussions carried out at the Energy and Environmental Summit regarding the concept of externalities.

- SCR41—A resolution urging the Hawaiian utilities to explore and utilize wind systems to satisfy a greater proportion of Hawaii's electrical generation requirements. This resolution requests that the PUC and the electric utility companies examine the feasibility of wind and solar energy resources. It was heard by the Senate which ruled that it be held and incorporated into SCR 40.

The Honorable Duke Bainum—Hawaii House of Representatives

One of the things that participants of the workshop should recognize is that the *Energy and Environmental Summit* was the state's first attempt at developing a consensus agreement with the legislature, the public and the business community. It is very important for everyone who participated in the summit to realize that getting a bill through the legislature is a long process. As a rule of thumb, Representative Bainum said, it generally takes about three years for bills to pass through the legislature here in Hawaii.

Many times the process is even more important than the product, he said. The bills that died during the 1994 legislative session will be turned into resolutions. We are going to harness this momentum and turn these resolutions into legislation. In addition, there are some very important bills still alive. One of the bills concerning nonutility generation did make it through the House and was sent over to the Senate.

Chip Higgins, for Representative Robert Herkes—Hawaii State House of Representatives

One of the areas that Ira Rohter developed during the *Energy and Environmental Summit* was a plan for a government committee, with a true planning function, to raise the emphasis of energy in Hawaii.

Having been involved in the Energy Planning Committee of the past, Mr. Higgins noted that when the administration changed hands, the long term aspect of planning halted. "Planning has got to be an ongoing process. You don't get anything out of one or two years of planning. We need to emphasize the long term range planning function."

Question:

What do you think is the future of the Energy and Environmental Summit process itself?

Answer:

The Honorable Duke Bainum, Hawaii House of Representatives

There seems to be a continuing interest in the summit process itself. If *Energy and Environmental Summit II* does take place, we need to discuss what form it will take and the parameters under which it will operate. There needs to be a fine tuning of the process itself in terms of how the committees are set up to get people, who have not historically sat down together, to work at building a consensus agreement. The agenda was originally set up loosely to ensure that proposals would not go too far if consensus could not be reached. I think that a layer of trust has been built up between the parties however, which will lead the way to a continuing summit process.

Question:

What is the fundamental reason that the legislative bills related to wind energy did not get passed out of the legislature, even when they did not represent additional moneys or tax increases but related to setting goals for instance?

Answer:

The Honorable Matt Matsunaga—Hawaii State Senate

From the Senate's standpoint, bills for tax credits and the like did not get passed through because of the financial impacts. When you are facing such an austere budget as the legislature was this past session, it is tough to get these kinds of bills passed. The Ways and Means Committee tries to scrape up money everywhere.

Other bills were probably held up because of such strong opposition by the regulators and other parties that came to testify.

The Honorable Duke Bainum—Hawaii State House of Representatives

Representative Bainum confirmed that similar reasoning was apparent in the House as well, in terms of the austerity of the budget.

In addition, much opposition was raised because of the IRP process itself touted by many legislators as an ongoing process. The prevailing attitude was one of, "Let's see if the process works itself out."

"I don't think the IRP is so sacrosanct that the legislature cannot get involved," he said. "I think the legislature needs to get more aggressive on these issues. I see the legislature as a policy maker. And I hope a message is being sent loud and clear to the PUC and the utilities that times are changing and we need to change with them. The legislature is keeping a close eye on what is happening with the PUC in reviewing the IRPs. Even if the outcome is conservative, we are still going to keep on plugging renewable energy bills. There is a whole host of bills before the legislature concerning these issues. There has to be a continual process with the PUC and the utilities that is in concert with the legislature."

Chip Higgins, for Robert Herkes—Hawaii House of Representatives

A handshake has developed between the PUC and the legislature involving a joint relationship. The problem is the PUC needs additional funding apart from the funding it requires for maintaining its normal operations. A bill has been submitted to provide funding for the PUC to use for planning purposes. I hope this bill will offer some planning dollars and provide the PUC with the ability to take on some contractors such that the PUC can respond adequately to the challenges of the IRP process.

The Honorable Duke Bainum—Hawaii House of Representatives

The PUC is trying to do so much with so little, in addition to the other areas it must regulate such as transportation. I think this issue will be revisited at next year's legislative session. In addition to providing the PUC with additional funds, we will see if the tasks they are charged with are necessarily something they need to be involved with.

The Honorable Matt Matsunaga—Hawaii State Senate

In addition, we need to urge the Governor to appoint qualified commissioners to the PUC, Senator Matsunaga said noting that two slots on the Commission will be vacated this year as a result of Dan Kochi's appointment to the state circuit court and the expiration in June 1994 of Yukio Naito's term of office.

Question:

If the Ways and Means Committee summarily discards any renewable energy legislation, perhaps you ought to attempt to change their attitude toward renewable energy?

Answer:

The Honorable Matt Matsunaga—Hawaii State Senate

The key is trying to convince the Ways and Means Committee chair that the benefits of these measures are certainly worth the costs. That is not easy. However, if we continue to tout the merits of our energy plan year after year and we have the same Ways and Means Committee members, eventually the message will get through.

The Honorable Duke Bainum—Hawaii House of Representatives

This is all part of the three year process of getting bills passed through the legislature. In other words, three years is the education curve on many of these complex bills. Even though the Ways and Means Committee may not have heard every bill, those same members sit on other committees and will hear these issues and proposals. Over time, these bills, along with the efforts of the participants from this workshop and the energy summit in reemphasizing the issues, will lead to a broader acceptance on the part of the legislators.

The Honorable Matt Matsunaga—Hawaii State Senate

In addition, we might have a better chance at getting some of these bills through if we can convince the tax director not to shoot them down when they get to the Ways and Means Committee.

Question:

Perhaps we could provide copies of studies to the legislature showing the economic benefits, in terms of job growth and revenue increases, to the development of wind energy?

Answer:

The Honorable Duke Bainum—Hawaii House of Representatives

Environmental energy industries, in particular the wind industry, are growth industries. I think if we have more of you helping during the course of the legislative process to emphasize that these bills are not just good for the environment and for society but are good for the state's economy and job growth as well, the message will get through.

